

# Public Hearing on the Proposed Corporate Conversion of Stanford Health Care Advantage

December 8, 2020

# Welcome and Introductions

Sara Durston  
Director's Office

California Department of Managed Health Care

# Agenda

1. **Welcome and Introductions**
2. **Director's Remarks**
3. **DMHC's Jurisdiction and Authority**
4. **Overview of the Proposed Conversion**
5. **Remarks from Stanford Health Care Advantage**
6. **Public Comment**
7. **Closing Remarks**

# DMHC Mission Statement

The California Department of Managed Health Care protects consumers' health care rights and ensures a stable health care delivery system.

# Director's Remarks

Mary Watanabe  
Director

California Department of Managed Health Care

# DMHC's Jurisdiction and Authority

Havi Jogani  
Attorney, Office of Plan Licensing  
California Department of Managed Health Care

# Stanford Health Care Advantage

- Nonprofit public benefit corporation
- Licensed by the DMHC in 2014
- Offers Medicare Advantage in Alameda, San Mateo, and Santa Clara Counties
- Approximately 4,700 current enrollees

# DMHC Review Process

Review of the Proposed Conversion includes:

- Organizational and corporate changes
- Any administrative capacity issues
- Conflict of Interest Policies
- Notice Requirements



# DMHC Review Process (cont'd)

- Determining the health plan's fair market value to be set aside for charitable purposes.
- Ensuring any amounts set aside for charitable purposes are transferred to appropriate charitable organizations dedicated to serving health care needs of the people of California.

# Overview of the Proposed Conversion

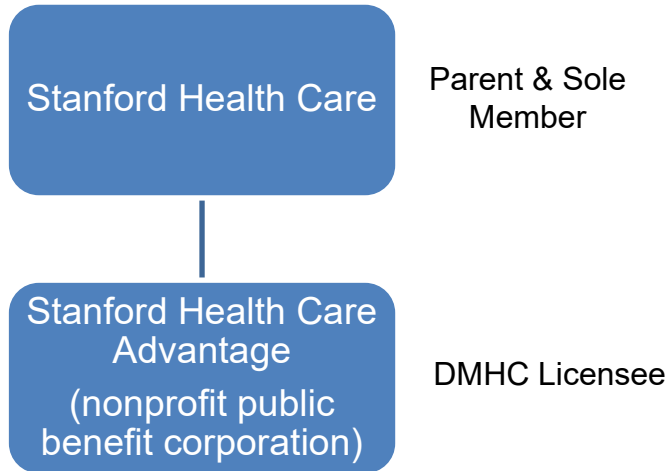
Havi Jogani  
Attorney, Office of Plan Licensing  
California Department of Managed Health Care

# Proposed Transaction

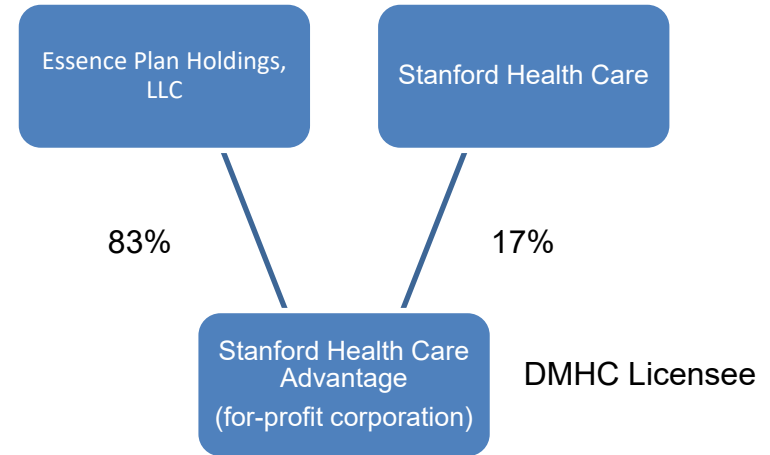
- Stanford Health Care Advantage to convert from a nonprofit public benefit corporation to a for profit corporation.
- Upon conversion the health plan's current sole member Stanford Health Care will own 100% of the for-profit corporation.
- Subsequent to the proposed conversion, Essence Health Plan Holdings, LLC to acquire 83% of Stanford Health Care Advantage from Stanford Health Care.

# Proposed Transaction Charts

## Pre-Transaction Diagram



## Post-Transaction Diagram



# Remarks from Stanford Health Care Advantage

Thomas Kim

Member of Board of Directors, Stanford Health Care Advantage

Chief Market Development Officer, Stanford Health Care

# Public Comment

*Public comment may be submitted until 5:00 pm on  
December 15, 2020 to [Stakeholder@DMHC.ca.gov](mailto:Stakeholder@DMHC.ca.gov)*

# Closing Remarks

*Public comment may be submitted until 5:00 pm on December 15, 2020, to [Stakeholder@DMHC.ca.gov](mailto:Stakeholder@DMHC.ca.gov)*

## Consumer Participation Program

If interested in participating in the Consumer Participation Program or to apply for an advocacy award regarding this matter, please visit:

<http://www.dmhc.ca.gov/AbouttheDMHC/OpportunitiestoParticipate>